

# WEBINAR Q&A



## Question 1

Is taking money out of my super a reasonable idea if I were made redundant so I could have some extra money?

### Answer

The Government has allowed people who have been financially impacted due to COVID-19 to potentially take up to \$10,000 from their superannuation in the previous and current financial year. For many people, taking money out their super was a last resort and we would encourage others that unless it is absolutely necessary, to try and find another option. The reason being that by taking money out of your retirement savings now can have a significant impact on the amount of money you have when you stop working.

If you do end up taking money from your super then you should consider whether you can replace these funds when your income becomes stable again. This will allow you to catch up with your retirement savings and reduce the long-term impacts to your financial future. To determine if this is the right approach for you personally please make contact with a financial adviser who will be able to assist further.

## Question 2

What if I get offered a redundancy after age 65?

### Answer

Up until 1 July 2019 the age that a "redundancy" was no longer deemed a redundancy was age 65. This has been increased to age 67. If you receive a redundancy prior to age 67 then you will potentially benefit from all or a portion of your redundancy payment not being taxed. If you are over age 67 then the redundancy payment will be classed as an Employment Termination Payment where you will be required to pay tax at a rate dependant on your age.

## Question 3

I am not great with money in my bank account. I will spend it. How can I make sure I don't spend it too quickly?

### Answer

One trick may be to try and separate your redundancy payout from your everyday transaction account. If you keep the money in your regular bank account, the risk of overspending is greater. Keeping your money in a separate account and establishing a regular transfer into your everyday account for an amount which is similar to your previous wage will make it feel like you are still receiving a regular income. This will also help to make sure the money lasts for as long as you planned.

## Question 4

What is the Preservation Age now? Is this the same as the Age Pension age?

### Answer

The Preservation Age is currently age 58. That is, in the 2020-21 financial year people aged 58 or older are able to access their super as long as they meet a condition of release.

The Preservation Age differs from the Age Pension age as a person's Preservation Age determines when they can access their super whereas the Age Pension age is when you may be eligible to receive the Age Pension.



## Question 5

Am I entitled to any Centrelink benefits once being made redundant?

### Answer

Whether you are eligible to receive Centrelink benefits after being made redundant is dependant on a couple of factors. The first is an income and assets test. More information on the income and assets test for JobSeeker payments can be found [here](#).

If you are eligible to receive JobSeeker payments you may not be able to receive payments straight away. There is an income maintenance period that is applied. This will depend on how much you received in your payout (including unused leave) from your employer. For more information on waiting periods click [here](#).

## Question 6

If my redundancy payment is one year of salary, does my employer need to pay one year of super contributions?

### Answer

The simple answer is no. Superannuation Guarantee Contributions are not payable on redundancy payments.

## Question 7

Are there any tax advantages if you have reached Preservation Age?

### Answer

A redundancy payment has a tax-free component as long as it meets the conditions to be a Genuine Redundancy. If you are under your Preservation Age the tax payable on the amount above the tax free amount is taxed at a maximum rate of either 30% or 45% depending if the amount is above or below the Employment Termination Payment limit.

If you are over your preservation age the tax rate is either 15% or 45% depending if the amount is above or below the Employment Termination Payment limit.

Please refer to the slide titled "How are ETPs taxed?" in the pack provided for information on tax rates of Employment Termination Payments.

Also, please talk to your tax agent to discuss your personal tax information.

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## Question 8

If redeployment or redundancy is an option – does a decision to not accept a new position with the same employer effect the redundancy entitlements?

### Answer

If you have the option of being made redundant or redeployed then there is generally no impact to the payments you receive if you choose the redundancy option.

For example, often in the Commonwealth Public Service people are given the option to take a redundancy or take up an alternative role in the same department. If people choose the redundancy option, they receive the same payments that they would also be eligible to receive had they not had an option to be redeployed.

It will be important to confirm this with your employer as each Employment Agreement may be different.

